

Message Text

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ACTION AID-20

INFO OCT-01 EA-11 ISO-00 SR-02 ORM-03 IO-14 IGA-02 CIAE-00

INR-10 NSAE-00 RSC-01 DODE-00 OMB-01 ABF-01 PM-07

NSC-10 SPC-03 SS-20 TRSE-00 EB-11 DRC-01 (ISO) W

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P 120845Z DEC 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 4141

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STATE/AID

E. O. 11652: N/A

TAGS: EGEN, EAID, CB

SUBJECT: USE OF LOCAL CURRENCY COUNTERPART GENERATIONS FOR VOLAG
GRANTS AND OTHER REFUGEE ACTIVITIES-CRS

REF: STATE 241791

1. REFTTEL RAISES SERIOUS PROBLEMS AT THIS TIME.
2. IN ORDER FOR COUNTERPART FUNDING TO BE MADE AVAILABLE FOR LOCAL COST OF VOLUNTARY AGENCIES ACTIVITIES, IT WILL, OF COURSE, BE NECESSARY FOR SUCH EXPENDITURES TO BE INCLUDED IN GKR BUDGET. WE ARE AT THIS MOMENT TRYING TO AVOID ANOTHER GKR SUPPLEMENTAL BUDGET FOR THEIR CURRENT FISCAL YEAR WHILE AT THE SAME TIME INSISTING THAT GKR PROVIDE FUNDS FOR CERTAIN ESSENTIAL MILITARY ACTIVITIES (SUCH AS FREE RICE FOR COMBAT TROOPS) WITHOUT INCREASING TOTAL EXPENDITURE LEVEL. INTERJECTION OF REQUIREMENT FOR GKR BUDGETING OF COUNTERPART FUNDS FOR LOCAL COSTS OF VOLUNTEER AGENCIES AT THIS TIME WOULD BE QUITE COUNTERPRODUCTIVE TO OVERALL U.S. POLICY OBJECTIVES.

3. CHANGEOVER WILL NOT PREPRESENT A DOLLAR SAVING SINCE THE CHANGEOVER WOULD INCREASE THE NEED FOR COUNTERPART GENERATIONS TO TAKE CARE OF THE INCREASED BUDGETARY COSTS. THUS THE APPARENT SAVING

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IN DOLLARS GAINED, BY NO LONGER HAVING VOLUNTARY AGENCIES

PURCHASE U.S.-OWNED LOCAL CURRENCY GENERATED FROM AID PROGRAMS WITH THEIR GRANT FUNDS, WOULD BE OFFSET BY THE EXACT EQUIVALENT USE OF DOLLARS FOR THE ADDITIONAL COUNTERPART GENERATIONS NEEDED TO MEET THE ADDITIONAL GKR BUDGETARY FUNDS FOR DEPOSITS IN THE SUGGESTED U.S. ADMINISTERED TRUST FUND.

4. NONETHELESS WE BELIEVE IN THE FUTURE IT WILL BE FEASIBLE TO MAKE SUGGESTED CHANGEOVER. WE WILL UNDERTAKE DISCUSSIONS WITH THE GKR TO INCLUDE SUCH EXPENDITURES IN THEIR CY74 GKR BUDGET. HOWEVER AT THE SAME TIME WE ALSO RECOMMEND A CONCOMMITANT REDUCTION IN U.S. PORTION OF PL480 AGREEMENT SINCE SUCH FUNDS WOULD OTHERWISE BE EXCESS TO USR NEEDS. FOR THE TIME BEING, HOWEVER, WE RECOMMEND NO CHANGE IN VOLAG PROCEDURES. THERE ARE TOO MANY OTHER TICKLISH ISSUES REQUIRING CURRENT NEGOTIATION WITH GKR TO ADD THIS TO THE LIST AS AN URGENT MATTER.
ENDERS

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Message Attributes

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